

## Issue Brief – Medicare Part D Enrollment

DEPARTMENT OF HEALTH/MEDICAL ASSISTANCE

NUMBER DOH IB 07-23

### **SUMMARY**

The new prescription drug program for Medicare (Part D) went into effect on January 1, 2006. Enrollment began in November 2005. Medicare is a federally run and a federally funded program. The implementation of this program has an impact on the state-run Medicaid program. Many people who apply for Medicare Part D will learn that they are also eligible for Medicaid (dually eligible) and will enroll in both programs. (woodwork effect) This building block request is done in conjunction with the building block described in Issue Brief DOH IB 07-16 Medicare Part D Eligibility Workers.

### **OBJECTIVE**

The objective of this building block is to provide the funding for the Medicaid benefit for those who will become aware of their eligibility as a result of the new Medicare Part D program.

### **DISCUSSION AND ANALYSIS**

Projections from Centers for Medicare and Medicaid Services (CMS) indicate that there will be an additional one million new Medicaid/Medicare eligibles (dually eligible) as a result of this new coverage in the United States. Utah's share of those dual eligible is estimated at 5,000 people. The February invoice for the Medicare buy-in people has increased by 1,100 since October 2005. Medicaid will be responsible to make co-insurance, deductibles, Part B premiums, Clawback payments and pay for other services not covered by Medicare for this group. (Clawback is the repayment of the savings that are estimated as a result of the implementation of Medicare Part D.)

#### ***Indicators***

The Department has used the Medicaid help-line to assist Medicaid clients and potential clients. The number of calls has increased over 400 percent since the announcement of the Medicare Part D program. The increase in help-center workload is the prelude to the actual enrollment workload increase estimated for the end of this fiscal year and continuing into the foreseeable future.

#### ***Dual Eligibles***

The impact is the result of the woodwork effect. Those on Medicare that qualify for Medicaid are required to apply to both programs in an effort to save money for both the state and federal governments. (Of course, the federal government plans to reduce the amount they pay to the states.) This is the Clawback repayment to the federal government.

### **LEGISLATIVE ACTION**

#### ***Recommendation***

The Analyst recommends that the Subcommittee approve ongoing funding of \$2,606,400 General Fund to address the increased eligibility and enrollment of individuals for Medicaid. (This is another caseload growth factor.)

These funds will be matched with \$2,753,700 Federal Funds.

#### ***Supplemental Appropriation Recommendation***

In conjunction with the FY 2007 appropriation recommendation made above, the Analyst recommends that the Subcommittee approve a Supplemental Appropriation of \$4,249,300 one-time General Fund for FY 2006.

These funds will also be matched with up to \$8,738,700 Federal Funds. These funds will be used for Medicaid payments.

#### ***Intent Language***

The Analyst recommends the following intent language for the FY 2006 Supplemental Appropriation:

*It is the intent of the Legislature that the funds appropriated to address the increased Medicaid payments as a result of the implementation of the Medicare Part D Program be nonlapsing.*

The intent language will be used to carry over the funding that may not be used in the current year to address the increased numbers of new Medicaid patients in FY 2007.